

**ASSEMBLY BILL**

**No. 1955**

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**Introduced by Assembly Member Pan**

February 19, 2014

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An act to amend Section 14132.47 of the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

AB 1955, as introduced, Pan. Medi-Cal: Administrative Claiming process.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. Existing law establishes an Administrative Claiming process under which local governmental agencies and local educational consortia contract with the department for the purpose of obtaining federal matching funds to assist with the performance of administrative activities relating to the Medi-Cal program.

This bill would make technical, nonsubstantive changes to these provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 14132.47 of the Welfare and Institutions
- 2 Code is amended to read:

1 14132.47. (a) It is the intent of the Legislature to provide local  
2 governmental agencies the choice of participating in either or both  
3 of the Targeted Case Management (TCM) and Administrative  
4 Claiming process programs at their option, subject to the  
5 requirements of this section and Section 14132.44.

6 (b) The department may contract with each participating local  
7 governmental agency or each local educational consortium to assist  
8 with the performance of administrative activities necessary for the  
9 proper and efficient administration of the Medi-Cal program,  
10 pursuant to Section 1903a of the federal Social Security Act (42  
11 U.S.C. Sec. 1396b(a)), and this activity shall be known as the  
12 Administrative Claiming process.

13 (c) (1) Subject to the requirements of paragraph (2) of  
14 subdivision (f), as a condition for participation in the  
15 Administrative Claiming process, each participating local  
16 governmental agency or each local educational consortium shall,  
17 for the purpose of claiming federal Medicaid reimbursement, enter  
18 into a contract with the department and shall certify to the  
19 department the total amount the local governmental agency or each  
20 local educational consortium expended on the allowable  
21 administrative activities.

22 (2) The department shall deny the claim if it determines that the  
23 certification is not adequately supported, or does not otherwise  
24 comply with federal requirements, for purposes of claiming federal  
25 financial participation.

26 (d) Each participating local governmental agency or local  
27 educational consortium may subcontract with private or public  
28 entities to assist with the performance of administrative activities  
29 necessary for the proper and efficient administration of the  
30 Medi-Cal program under the conditions specified by the department  
31 in regulations.

32 (e) Each Administrative Claiming process contract shall include  
33 a requirement that each participating local governmental agency  
34 or each local educational consortium submit a claiming plan in a  
35 manner that shall be prescribed by the department in regulations,  
36 developed in consultation with local governmental agencies.

37 (f) (1) The department shall require that each participating local  
38 governmental agency or each local educational consortium certify  
39 to the department both of the following:

1 (A) The expenditure of 100 percent of the cost of performing  
2 Administrative Claiming process activities. The funds expended  
3 for this purpose shall be from the local governmental agency's  
4 general fund or the general funds of local educational agencies or  
5 from any other funds allowed under federal law and regulation.

6 (B) In each fiscal year that its expenditures represent costs that  
7 are eligible for federal financial participation for that fiscal year.  
8 The department shall deny the claim if it determines that the  
9 certification is not adequately supported for purposes of federal  
10 financial participation.

11 (2) (A) (i) A city that is not a participating local governmental  
12 agency, or any other local public entity, that contracts with a local  
13 governmental agency pursuant to subdivision (d) and that is located  
14 within a county that is a participating local governmental agency  
15 pursuant to this section, may submit certification to the local  
16 governmental agency of amounts expended for Administrative  
17 Claiming services in accordance with Section 433.51 of Title 42  
18 of the Code of Federal Regulations.

19 (ii) A city or other local public entity that submits certification  
20 pursuant to this paragraph shall comply with the requirements of  
21 paragraph (1), with other requirements applicable to local  
22 governmental agencies that the department determines, in  
23 regulations, to be applicable, and with all applicable federal  
24 requirements.

25 (iii) The local governmental agency shall forward the city's or  
26 local public entity's certification to the department for the purposes  
27 of claiming federal financial participation.

28 (iv) As applicable, the local governmental agency shall obtain  
29 and retain appropriate certifications from the expending city or  
30 local public entity, together with documentation of the underlying  
31 expenditures, as required by the department.

32 (B) A tribe or tribal organization, as defined in subdivision (n),  
33 that is not participating in Administrative Claiming process  
34 activities as a local governmental agency, may contract with, and  
35 submit to a tribe or tribal organization that is contracting with, the  
36 department pursuant to subdivision (b) amounts expended for  
37 Administrative Claiming process activities that it is certifying in  
38 accordance with Section 433.51 of Title 42 of the Code of Federal  
39 Regulations and other applicable federal law and regulations. The  
40 tribe or tribal organization receiving the certification shall forward

1 it to the department for purposes of claiming federal financial  
2 participation. The certification shall comply with all of the  
3 requirements for certification set forth in subparagraph (A).

4 (g) (1) Notwithstanding any other provision of this section, the  
5 state shall be held harmless, in accordance with paragraphs (2)  
6 and (3), from any federal audit disallowance and interest resulting  
7 from payments made to a participating local governmental agency  
8 or local educational consortium pursuant to this section, for the  
9 disallowed claim.

10 (2) To the extent that a federal audit disallowance and interest  
11 results from a claim or claims for which any participating local  
12 governmental agency or local educational consortium has received  
13 reimbursement for Administrative Claiming process activities, the  
14 department shall recoup from the local governmental agency or  
15 local educational consortium that submitted the disallowed claim,  
16 through offsets or by a direct billing, amounts equal to the amount  
17 of the disallowance and interest, in that fiscal year, for the  
18 disallowed claim. All subsequent claims submitted to the  
19 department applicable to any previously disallowed administrative  
20 activity or claim, may be held in abeyance, with no payment made,  
21 until the federal disallowance issue is resolved.

22 (3) Notwithstanding paragraph (2), to the extent that a federal  
23 audit disallowance and interest results from a claim or claims for  
24 which the participating local governmental agency or local  
25 educational consortium has received reimbursement for  
26 Administrative Claiming process activities performed by an entity  
27 under contract with, and on behalf of, the participating local  
28 governmental agency or local educational consortium, the  
29 department shall be held harmless by that particular participating  
30 local governmental agency or local educational consortium for  
31 100 percent of the amount of the federal audit disallowance and  
32 interest, for the disallowed claim.

33 (h) The use of local funds required by this section shall not  
34 create, lead to, or expand the health care funding obligations or  
35 service obligations for current or future years for any participating  
36 local governmental agency or local educational consortium, except  
37 as required by this section or as may be required by federal law.

38 (i) The department shall deny any claim from a participating  
39 local governmental agency or local educational consortium if the  
40 department determines that the claim is not adequately supported

1 in accordance with criteria established pursuant to this subdivision  
2 and implementing regulations before it forwards the claim for  
3 reimbursement to the federal Medicaid Program. In consultation  
4 with local governmental agencies and local educational consortia,  
5 the department shall adopt regulations that prescribe the  
6 requirements for the submission and payment of claims for  
7 administrative activities performed by each participating local  
8 governmental agency and local educational consortium.

9 (j) Administrative activities shall be those determined by the  
10 department to be necessary for the proper and efficient  
11 administration of the state's Medicaid plan and shall be defined  
12 in regulation.

13 (k) If the department denies any claim submitted under this  
14 section, the affected participating local governmental agency or  
15 local educational consortium may, within 30 days after receipt of  
16 written notice of the denial, request that the department reconsider  
17 its action. The participating local governmental agency or local  
18 educational consortium may request a meeting with the director  
19 or his or her designee within 30 days to present its concerns to the  
20 department after the request is filed. If the director or his or her  
21 designee cannot meet, the department shall respond in writing  
22 indicating the specific reasons for which the claim is out of  
23 compliance to the participating local governmental agency or local  
24 educational consortium in response to its appeal. Thereafter, the  
25 decision of the director shall be final.

26 (l) To the extent consistent with federal law and regulations,  
27 participating local governmental agencies or local educational  
28 consortium may claim the actual costs of nonemergency,  
29 nonmedical transportation of Medi-Cal eligibles to Medi-Cal  
30 covered services, under guidelines established by the department,  
31 to the extent that these costs are actually borne by the participating  
32 local governmental agency or local educational consortium. A  
33 local educational consortium may only claim for nonemergency,  
34 nonmedical transportation of Medi-Cal eligibles for Medi-Cal  
35 covered services, through the Medi-Cal administrative activities  
36 program. Medi-Cal medical transportation services shall be claimed  
37 under the local educational agency Medi-Cal billing option,  
38 pursuant to Section 14132.06.

39 (m) As a condition of participation in the Administrative  
40 Claiming process and in recognition of revenue generated to each

1 participating local governmental agency and each local educational  
2 consortium in the Administrative Claiming process, each  
3 participating local governmental agency and each local educational  
4 consortium shall pay an annual participation fee through a  
5 mechanism agreed to by the state and local governmental agencies  
6 and local educational consortia, or, if no agreement is reached by  
7 August 1 of each year, directly to the state. The participation fee  
8 shall be used to cover the cost of administering the Administrative  
9 Claiming process, including, but not limited to, claims processing,  
10 technical assistance, and monitoring. The department shall  
11 determine and report staffing requirements upon which projected  
12 costs will be based. The amount of the participation fee shall be  
13 based upon the anticipated salaries, benefits, and operating  
14 expenses, to administer the Administrative Claiming process and  
15 other costs related to that process.

16 (n) (1) For ~~the~~ purposes of this section, “participating local  
17 governmental agency” means a county, chartered city, Native  
18 American Indian tribe, tribal organization, or subgroup of a Native  
19 American Indian tribe or tribal organization, under contract with  
20 the department pursuant to subdivision (b).

21 (2) Each participating Native American Indian tribe, tribal  
22 organization, or subgroup of a Native American Indian tribe or  
23 tribal organization may claim, as a Medi-Cal Administrative  
24 Activity, facilitating Medi-Cal applications, which includes, but  
25 is not limited to, using the California Healthcare Eligibility,  
26 Enrollment, and Retention System.

27 (o) For purposes of this section, “local educational agency”  
28 means a local educational agency, as defined in subdivision (h) of  
29 Section 14132.06, that participates under the Administrative  
30 Claiming process as a subcontractor to the local educational  
31 consortium in its service region.

32 (p) (1) For purposes of this section, “local educational  
33 consortium” means a local agency that is one of the service regions  
34 of the California County Superintendent Educational Services  
35 Association.

36 (2) Each local educational consortium shall contract with the  
37 department pursuant to paragraph (1) of subdivision (c).

38 (q) (1) Each participating local educational consortium shall  
39 be responsible for the local educational agencies in its service  
40 region that participate in the Administrative Claiming process.

1 This responsibility includes, but is not limited to, the preparation  
2 and submission of all administrative claiming plans, training of  
3 local educational agency staff, overseeing the local educational  
4 agency time survey process, and the submission of detailed  
5 quarterly invoices on behalf of ~~any~~ *the* participating local  
6 educational agency.

7 (2) Each participating local educational consortium shall ensure  
8 local educational agency compliance with all requirements of the  
9 Administrative Claiming process established for local governmental  
10 agencies.

11 (3) Ninety days prior to the initial participation in the  
12 Administrative Claiming process, each local educational  
13 consortium shall notify the department of its intent to participate  
14 in the process, and shall identify each local educational agency  
15 that will be participating as its subcontractor.

16 (r) (1) Each local educational agency that elects to participate  
17 in the Administrative Claiming process shall submit claims through  
18 its local educational consortium or through the local governmental  
19 agency, but not both.

20 (2) Each local educational agency participating as a  
21 subcontractor to a local educational consortium shall comply with  
22 all requirements of the Administrative Claiming process established  
23 for local governmental agencies.

24 (s) A participating local governmental agency or a local  
25 educational consortium may charge an administrative fee to any  
26 entity claiming Administrative Claiming through that agency.

27 (t) The department shall continue to administer the  
28 Administrative Claiming process in conformity with federal  
29 requirements.

30 (u) The department shall provide technical assistance to all  
31 participating local governmental agencies and local educational  
32 consortia in order to maximize federal financial participation in  
33 the Administrative Claiming process.

34 (v) This section shall be applicable to Administrative Claiming  
35 process activities performed, and to moneys paid to participating  
36 local governmental agencies for those activities in the 1994–95  
37 fiscal year and thereafter, and to local educational consortia in the  
38 1998–99 fiscal year and thereafter.

39 (w) Nothing in this section or Section 14132.44 shall be  
40 construed to prevent any state agency from participating in the

- 1 Administrative Claiming process or from contracting with others
- 2 to engage in these activities.

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